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CITY OF CHICAGO

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MAYOR EMANUEL INTRODUCES ORDINANCE FOR HILTON MANAGEMENT SERVICES AGREEMENT AT O'HARE HOTEL THAT WILL GENERATE UP TO \$25 MILLION ANNUALLY FOR INVESTMENT IN THE AIRPORT

New 10-year agreement will continue day-to-day management services and support future hotel modernization efforts for O'Hare

Mayor Rahm Emanuel today introduced a new management agreement with Hilton Management, LLC to operate the hotel, Hilton Chicago O'Hare Airport, at O'Hare International Airport. Through a renewed partnership with Hilton Management, LLC, the City of Chicago will continue to own the hotel, while retaining expert management services for the day-to-day operations of the Hilton Chicago O'Hare Airport upon the expiration of the current lease at the end of this year. The new management agreement will allow the City to benefit from the hotel's revenue production capabilities for an expected \$20-25 million in annual revenues, which would be directed toward future airport modernization and air service development at O'Hare.

"Chicago would not be the world class city it is without a world class aviation system, and without O'Hare as a top connected hub and global destination for its nearly 80 million travelers a year," said Mayor Emanuel. "This agreement is another step forward in Chicago's overall plan to ensure our airports remain competitive while creating new jobs and continued economic growth for the City."

The new hotel management agreement will pave the way for a modernization of the Hilton Chicago O'Hare Airport, without the use of any local taxpayer dollars. Hotel redevelopment plans are expected to expand travelers' direct access to accommodations and provide new conference facilities for O'Hare's growing passenger volumes.

"O'Hare is a leading international hub, and we are committed to ensuring the airport offers leading amenities to support our thriving operations and the tens of millions of customers we serve each year," said CDA Commissioner Jamie L. Rhee. "By partnering with Hilton Management, LLC, a leader in global hospitality, we will ensure O'Hare continues to offer the best services and hotel accommodations for our passengers, while leveraging resources for future capital projects to enhance the airport."

The Hilton Chicago O'Hare Airport is located adjacent to Terminal 2. The agreement between the City and Hilton Management, LLC, includes:

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- A ten-year management agreement for day-to-day operations of the hotel;
- A technical services agreement to develop plans for a future hotel renovations for the existing hotel and potential T5 hotel;
- An agreement for pre-opening services to support the CDA in the relaunch of the hotel when the renovation has been completed.

Hilton Chicago O'Hare Airport team members will remain employed under the new management agreement.

The City is also seeking approval of a Food and Beverage Management Agreement with Hyde Park Hospitality, a certified Airport Certified Disadvantaged Business Enterprise (ACDBE) that will operate all of the food and beverage locations in the hotel. The ACDBE participation goal is 15 percent, and is expected to meet a 26 percent targeted ACDBE participation. The Hilton Management, LLC plan includes seven local certified ACDBE providers, which have been identified to achieve the CDA's expectations for diversity and inclusion across all of its projects.

Hilton Management, LLC was selected through a competitive Request for Proposals process that began in April 2017. Hilton Management, LLC has demonstrated a robust community engagement plan designed to bring in local firms and to prioritize local residents in all future hiring, which was one of several criteria that all hotel respondents were evaluated on as part of an independent competitive selection process.

If the agreements are approved by the City Council, the CDA will then work with Hilton Management, LLC on modernizing the design of the existing Hilton Chicago O'Hare Airport, which will be funded in part by additional revenues collected by the new agreement with Hilton. This investment will ensure O'Hare is prepared to respond to demand spurred by added terminal capacity and to deliver the best modern hotel accommodations for 21st century travelers.

Along with the modernization of the current Hilton Chicago O'Hare Airport, the City is contemplating a future development with a second airport hotel adjacent to Terminal 5. These projects are expected to create not only the capacity Chicago-O'Hare needs to remain competitive with its peer hubs, but will also generate hundreds of jobs for the community.

"Chicago is a thriving global destination, and Hilton Management, LLC is committed to a long term partnership with the City to bring forward the absolute best airport hotel in the nation," said Danny Hughes, Executive Vice President and President, Americas, Hilton. "Our owner-centric approach, hospitality experience and deep knowledge of the Hilton Hotels & Resorts brand make us a great management partner for the City of Chicago. We look forward to modern new accommodations that will serve many more travelers and complement the city's vision for a bold new O'Hare."

Delivering modern new hotels is the latest in a series of investments by the City and its partners to make O'Hare a 21st century global gateway, while increasing economic opportunity for the city and its residents. Overall, Mayor Emanuel's vision for O'Hare 21 creates tens of thousands of construction jobs over the next eight years, and tens of thousands of permanent full time jobs for the future beyond construction. Over the next decade, the \$8.5 billion terminal expansion program and other capacity-growing projects for O'Hare will position the airport for future growth, while ensuring the future success of Chicago's biggest economic engine.

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